

**TOWN OF FOUNTAIN HILLS
MINUTES OF THE REGULAR SESSION OF THE
FOUNTAIN HILLS TOWN COUNCIL**

May 6, 2010

*** CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

Mayor Schlum called the meeting to order at 6:32 p.m. in the Fountain Hills Town Hall Council Chambers.

*** INVOCATION – Pastor Tony Pierce, First Baptist Church**

*** ROLL CALL**

Present for roll call were the following members of the Fountain Hills Town Council: Mayor Schlum, Councilmember Contino, Councilmember Leger, Councilmember Brown, Vice Mayor Hansen, Councilmember Archambault and Councilmember Dickey. Town Manager Rick Davis, Town Attorney Andrew McGuire and Town Clerk Bev Bender were also present.

*** MAYOR'S REPORT**

- (i) The Mayor will review upcoming community events.

Mayor Schlum stated that he did not have a prepared listing to read of the various upcoming community events and encouraged the residents of the Town to visit the various websites to learn about the wonderful events that would take place.

*** SCHEDULED PUBLIC APPEARANCES/PRESENTATIONS**

- (i) Recognition of former Councilmember Wally Hudson.

Mayor Schlum advised that Vice Mayor Hansen would assist in the recognition of former Councilmember Hudson, a friend and former colleague of hers on the Council, who recently passed away.

Vice Mayor Hansen said that this evening the Council would like to take a few moments to honor, remember and recognize Wally Hudson, a member of the Town's first Town Council who was elected in May 1990 and served until 1996. She advised that he passed away on March 28, 2010 in Dallas, Texas, where he and his wife had moved to be closer to their family in recent years due to ailing health. She noted that regardless of his health failure, his commitment to Fountain Hills was evidenced in his request that any donations in his name be made to the Fountain Hills' Community Foundation.

The Vice Mayor highlighted a brief PowerPoint presentation, read several tributes from staff/associates and presented background information on the former Councilmember's life and numerous accomplishments. She read a quote from Ann Morrow Lindberg that she said summed up Councilmember Hudson's life -- "To give without any reward or any notice has a special quality of its own" and added, from the 18th century Poet Ella Wheeler Wilcox, "One ship drives east and another west with the same self winds that blow. 'Tis the scent of the sails and not the gales, which decides the way to go." She said that it would be safe to say that the scent of Wally's sails always stayed the course. She thanked her former friend and colleague and said that they would always remember him and what he did for the Town of Fountain Hills.

Mayor Schlum thanked Vice Mayor Hansen for her excellent tribute.

* **CALL TO THE PUBLIC**

Town Clerk Bev Bender advised that three citizens wished to address the Council.

Barbara Patterson-Whitehead addressed the Council and said that she was speaking tonight as Vice Chairman of the Senior Services Advisory Commission. She referred to an open letter from that organization that was sent to the Council in April (copy available in the Clerk's office) and noted that the Budget Committee had asked to increase the cost of the Home Delivered Meals (HDM) from \$6.50 to \$8.50 per meal. She added that the Senior Services Advisory Commission strongly opposed this rate increase as it created a financial hardship for seniors and others in the program. She noted that the average age of HDM recipients was 80 and said that some were surviving on a fixed income comprised of social security and stated that there was no cost of living increase this year and there would not be one next year. She advised that many of the recipients were infirmed or had no other way to get nutritious meals and reported that currently there were 250 volunteers who delivered the meals seven days a week to residents of all ages. She added that a total of 11,000 meals were delivered each year and if the Town had to take care of this service, it would cost them a significant amount of money to do so. She emphasized that the HDM program was vital to the Senior Center as well as the residents who, through no fault of their own, had no other way of getting meals.

Ms. Patterson-Whitehead further stated that if they were left with no other alternative, her organization might reluctantly approve a minimal increase from \$6.50 to \$7.00 but they were strongly opposed to the proposed per meal increase. She added that the budget also showed that the membership fees for the Seniors' Activity Center would be increased from \$12.00 to \$25.00 and said that this proposal were absolutely outrageous. She noted that the Activity Center lost 20% of its workforce by not allowing an employee to return to work and currently not having a replacement for the retirement of the Senior Services Assistant position had resulted in a current 40% reduction. She advised that they were the Town's handpicked Commissioners and requested that those present in the audience stand and be recognized. She said that they took their tasks seriously. They were here for the seniors who could not speak for themselves and she strongly urged the Council to support them in their efforts.

Bruce Florence, 14639 N. Winston Lane, addressed the Council and stated that the primary purpose of the Budget Committee were to present a balanced budget to the Mayor and Council. He said that that being the case, the Committee dealt with numbers and that left them, the elected leaders, with the task of deciding priorities. He added that he hoped that their presence here this evening would reinforce the messages in their letter (as referred to by the speaker above) as they related to the impact on seniors and boomers, many of whom could not represent themselves. He advised that he was informed that staff was told they had to reduce their budgets by 8% and noted that the Senior Services budget represented a 31% change for Home Delivered Meals. He said this did not meet the fairness test and required additional study. He stated that currently, with only one part-time staff member, there were 250 volunteers who delivered the meals and this remarkably efficient operation must be protected. He noted that the proposed 108% increase in the annual membership fee were risky because by more than doubling the fee membership was projected to decrease by 20%, or a loss of 200 members. He stressed the importance of the Town attracting people rather than driving them away and urged the Council to re-examine the proposal and treat everyone equitably.

Jim Judge, Chair of the Senior Services Advisory Commission (SSAC), addressed the Council and said that the Commissioners were charged with providing the Council advice and counsel and they took that responsibility very seriously. He requested that the Council give serious consideration to the compromises that had been proposed by the SSAC (8% decrease in the Home Delivered Meals program and a 25% decrease in fees) and expressed the opinion that they represented responsible compromises. He said that they could not raise the cost of something as basic as food to the seniors, who average 80 years of age. He reported that nationally, 38% of women over the age of 65 were living on the edge of poverty, a little over \$900 a month. He said that the Center provided services to 25,000 people last year and nearly 2,400 different events took place (health fairs, educational lectures, etc.). He emphasized the importance of

replacing the Senior Citizen worker who recently retired. He noted that studies had proven that participation in Senior Center activities were as effective as exercise.

Bill Whittaker addressed the Council and concurred with the previous speakers' comments and said that having participated in a Home Delivered Meal run, he could attest to the fact that the people were very appreciative. He stated that without that, many people would have no social contact whatsoever, because many were confined to their homes. He added that if the Council would continue to invest in the Commission and accept their recommendations they could almost guarantee that they would return all investments with a return that would blow the Town's socks off.

Mayor Schlum thanked all of the speakers for their input. He advised that the budget would be rolled out on Tuesday, May 11th at 5:30 at a Work Study Session in the Council Chambers and everyone were invited to attend.

* **CONSENT AGENDA**

AGENDA ITEM #1 – CONSIDERATION OF APPROVING THE TOWN COUNCIL MEETING MINUTES FROM MARCH 23 AND APRIL 15, 2010.

AGENDA ITEM #2 – CONSIDERATION OF APPROVING A LIQUOR LICENSE APPLICATION SUBMITTED BY PHILIP JOHN RODAKIS (PHIL'S FILLING STATION GRILL), LOCATED AT 16852 E. PARKVIEW AVENUE, FOUNTAIN HILLS, AZ. THIS IS FOR A SERIES 12 LICENSE (RESTAURANT).

AGENDA ITEM #3 – CONSIDERATION FOR APPROVAL OF RESOLUTION 2010-12, ABANDONING WHATEVER RIGHT, TITLE OR INTEREST THE TOWN HAS IN THE CERTAIN PUBLIC UTILITY AND DRAINAGE EASEMENTS LOCATED AT THE NORTHERLY AND EASTERLY PROPERTY LINES OF PLAT 602B, BLOCK 2, LOT 21 (15952 E. LANTANA LANE) AS RECORDED IN BOOK 166 OF MAPS, PAGE 32, RECORDS OF MARICOPA COUNTY, ARIZONA. EA10-01 (SARRAILLON)

Councilmember Archambault **MOVED** to approve the Consent Agenda as listed and Councilmember Dickey **SECONDED** the motion. A roll call vote was taken with the following results:

Councilmember Dickey	Aye
Mayor Schlum	Aye
Councilmember Leger	Aye
Vice Mayor Hansen	Aye
Councilmember Contino	Aye
Councilmember Brown	Aye
Councilmember Archambault	Aye

The motion **CARRIED UNANIMOUSLY** (7-0).

REGULAR AGENDA

AGENDA ITEM #4 – DISCUSSION WITH POSSIBLE ACTION REGARDING FUNDING FOR MAJOR ROAD IMPROVEMENTS INCLUDING PRESENTATION BY THE TOWN'S FINANCIAL ADVISOR, WEDBUSH MORGAN SECURITIES (FORMERLY PEACOCK, HISLOP, STALEY & GIVEN).

Deputy Town Manager Julie Ghatti addressed the Council and said that shortly after incorporation in 1990, the Town had issued bonds to pave the unfinished roads within the Town's borders and since that time, the Town had not done any major road improvements other than annual slurry seal. She noted that the roads continued to deteriorate and had become the victim of budget shortfalls. She stated that they had managed to put "band aids" on some of the streets with slurry seals and micro-surfacing but some of the streets were over 30 years old and needed a complete resurfacing, specifically Saguaro Boulevard. She advised that they had talked about and included in the budget for the last two years the mill and

overlay of Saguaro Boulevard but funding had not been approved. She noted that moving along with that project went a long way towards bringing the roads up to standards. She added that within the next five years, other roads would need mill and overlay. She proposed rather than come before the Council each year staff wanted to bring forward a comprehensive plan that would allow them to plan for both the restoration and the funding for the next ten years -- the way most cities managed their major road projects, which allowed the Town to think strategically in planning the Town's roads. She stated that the bonds would only be sold when the project was ready to move forward and Saguaro Boulevard would be the first project. The taxpayers would only see that portion of the tax on their property tax bill as each bond issue was sold. Subsequent projects would be based on the Town's Pavement Management Plan to bring all roads up to a PQI (Pavement Quality Index) rating between 95 and 100. As the roads were resurfaced, the cost of maintaining them would decrease.

Ms. Ghetti informed the Council that the goal this evening was to seek Council approval to move forward to prepare a resolution to put the question before the voters. The approval of this item would not actually come before the Council until after the new Council was seated at the first meeting in June. Staff's proposal was to take the next year and prepare for a November 2011 election so that the electorate had an opportunity to see what the plan was and provide input. She said that staff saw opportunities for a lot of public input and education. She noted that representatives from the Town's financial advisory team, Wedbush Morgan Securities, were present to provide input and/or respond to any questions from the Council.

Mayor Schlum thanked Ms. Ghetti for her presentation.

Councilmember Leger requested that the consultant, Jim Strickland, come forward and said that last time he appeared before the Council, he had discussed the notion of "pay as you go" with respect to projects and asked him to explain how that would work (impact on tax bills).

Mr. Strickland said that the most prudent way to proceed would be to "pay as you go" for projects and stated that in the event that they could not afford that type of approach then they would consider financing those projects. He noted that if they were looking at doing a road project that might cost \$5 million and they did not have that kind of money available in their budget then the only way to do the project would be to go out and borrow the money. He added that the "pay as you go" notion worked if they had alternative sources of money within the budget. (i.e., if there were excess HURF monies, for example, or a lot of construction sales tax dollars.) However, if they did not have a particular revenue source for the projects, then they needed to look for another revenue source.

Councilmember Leger asked what the tax burden would be and Mr. Strickland advised that with the "pay as you go" concept, they would pay for one project at a time. He said that they might have a bond authorization for \$20 million but they would not borrow the entire amount just because they had that authorization. They would look at each project and how much it was going to cost and they would borrow at the time they were going to do the project. In order for the bonds to be tax exempt, they could not borrow more than they could reasonably expect to spend within a three-year period of time so the projects had to be identified and they had to make sure that the engineering was done, the project were bid out, etc. and it could take 24 to 36 months to do a particular project. He noted that if the Town had certain immediate needs and they might need \$5 million they would go out and sell a bond that would be repaid over 15 years and a tax would be generated in order to pay back that particular bond issue. As a new project was authorized by Council and approved (with cost estimates) whenever they were ready to do the next project they would again go out and sell bonds with a 15-year amortization that overlaid with the first one.

Councilmember Leger stated that the tax would go up proportionate to whatever they were working on (if the tax was \$53.00 a year on the first \$5 million and then several years later they undertake another \$5 million project, the tax bill would be proportionate to that).

Mr. Strickland agreed and added that each time they sold bonds the next issue went out a little bit longer so the repayment did not overlap in exactly all the same years.

Councilmember Dickey asked what staff was looking for from the Council this evening and said that in order to arrive at a specific amount, there would have to be targeted projects.

Ms. Ghetti replied that the goal tonight was to get Council's approval for staff to move ahead and prepare a resolution to put the question to the voters of whether they would approve bonds in the amount of \$20 million over ten years (at the second meeting in June after the new Council had been seated). She added that they were not looking for direction at this time to move ahead with a specific project -- the project would come back to the Council when they were ready to do it. She stressed that this were just about putting the question to the voters in November of 2011, which would provide sufficient time to plan out the next ten years' worth of road projects and give the residents time to hear the plan, obtain their input and become well informed before they vote.

Councilmember Dickey asked if they were just talking about \$20 million (not \$5 million or \$10 million) at this point and Ms. Ghetti stated that her recommendation would be \$20 million because that would give them the opportunity to plan. She noted that the \$20 million would allow them to plan out for all of those projects and it probably would not happen in five years, it would be more like ten years because staff would have to get each one of those projects ready. She added that if they were doing only \$5 million, they would be able to do Saguaro Boulevard and then they would have to come back to the Council and the voters to do the next project. She said that staff wanted to find out whether the voters were willing to plan this all out.

Councilmember Dickey stated that she was interested in finding out how people felt about moving the item out to 2011 and said that when they first started talking about this they thought it might happen sooner. She asked what the ramifications on the roads would be by waiting until 2011.

In response to a request for clarification from the Mayor, Ms. Ghetti explained that staff was proposing that they not actually go to the voters until November 2011 because there were a tight timeframe between now and November 2010. She said she was not sure there would be enough time to really give the public an opportunity to hear what the program was and learn about it so they could decide whether or not they would support it. She noted that it was in the budget for this year in the event the Council decided they wanted to move forward but added that staff would really like the time to do it right and put together a good package -- one that the community could understand and be supportive of.

Councilmember Archambault said if they put it before the voters in 2011 and it passed, he would like to know how soon they would actually see the revenue necessary to start on Saguaro Boulevard (assuming that between now and then the staff was ready for the project).

Mr. Strickland responded that typically if a November election were held bonds were sold in January and closed in February. He added that there were a number of things that would have to be done to ensure that the election was held properly. He reported that the money would be available probably in February -- it could be accelerated, but that was generally the timeframe. He stated that with respect to calling an election this year for November, they would have until July 5th of this year to do the Call and then until July 11, 2011 to call for a November 2011 election. He said that by going to the November 2011 election, there would be an opportunity to explain the proposal and anticipated benefits to the citizens.

Councilmember Archambault asked how long after the election the property owners in Town would see that portion of the bond issue on their property taxes.

Mr. Strickland replied September of 2012 (almost a year after the election).

Vice Mayor Hansen asked whether Saguaro Boulevard could last that long given its present condition and Public Works Director Tom Ward stated that they had experienced a lot of rain this year and got to see what the deterioration did to the streets. He stated the opinion that it would last but it would not be real pretty. He said that people could usually withstand something when they knew it would be coming to an end.

Vice Mayor Hansen said that she understood the importance of getting it right and putting all the materials together but a \$20 million chunk was a pretty big pill to swallow and might be a little intimidating. She added that since they had been talking about Saguaro Boulevard for so long maybe they should go ahead with the \$5 million and then start working on the \$15 million.

Councilmember Dickey commented that they had also mentioned that one of the benefits of this would be savings on maintenance and they would not realize any of that until two years from now. She noted that they had until July 5th to decide to come up with the \$5 million and then perhaps they could climb out of what they were in now and realize some savings in maintenance if they could get something done on Saguaro. She added that she would not mind looking at something like that either.

Councilmember Archambault said that they had a discussion on Tuesday about the intersection of Saguaro Boulevard and the Avenue of the Fountains and it became apparent that the direction they might be moving in was going to add some cost to Saguaro Boulevard -- the \$5 million might not be enough to do that. He stated that he liked the fact that a \$10 million bond would be approximately .27 cents per hundred but it would do Saguaro, arterial streets and pavement management on some deteriorating streets and provide some measure of flexibility if they had to come up with some money to do that intersection and other appropriate intersections like La Montana and Saguaro and Palisades.

Councilmember Leger advised that they have had this discussion over the last several months and he was opposed to moving forward on this bond because he felt that the timing was bad given the state of the economy. He added that in light of their conversation the other evening, one of the things they had talked about was if they were going to do Saguaro, they should come up with a solution for the Avenue of the Fountains and Fountain Park and maybe look at the other side of the Avenue as well. He stated that he could get on board and support that type of project because it would do more than just deal with Saguaro Boulevard. He said that the \$10 million option, as presented by Councilmember Archambault, was kind of middle of the road and did provide more benefits. It would do more than benefit just those who drove on Saguaro; it would also benefit residents; so he was more in tune with this particular proposal. He further stated that the current proposal took a larger chunk of money and freed up money in the General Fund to do the types of things they had talked about earlier today and that they could not afford to do. He said that they were having to take larger chunks of money away from programs such as the one discussed earlier in this meeting so he was not on board with moving forward with this as soon as possible but he would possibly consider it if they were looking to hit the tax in 2012. He stated that he appreciated having the opportunity for a year-long dialogue to talk about the tax burden as well as the Town's needs.

Councilmember Contino said that some of the roads were going to get slurry sealed and asked if staff would be able to do something closer to the downtown area. He noted that Palisades was getting pretty bad and Saguaro was already bad. He also asked whether that would last and how many buckets of cold patch it would take to get some of that work done if they extended it to 2012 (expand the work on some of those that were close to Saguaro).

Mr. Ward replied that staff had run numbers on portions of Fountain Hills Boulevard and Palisades where deterioration were great and the PQI ratings were low. He advised that staff's main focus was on Saguaro Boulevard and the intersection of Avenue of the Fountains and Saguaro. He said that they could put some material on to extend the life of those asphalts and then, as the bonds came into play, they could use those bonds to rebuild those roads. He noted that they would need to do something in the interim.

Councilmember Brown asked whether Saguaro Boulevard would last another two years. Mr. Ward responded that both Councilmembers Brown and Leger had asked him that same question last year. He said that it had lasted this year but

again they had all seen the deterioration that had occurred because of the rain. He stressed that Mother Nature was the one that made that determination. If more rain and deterioration of the sub-grade began to erode, then the cost would go up.

Councilmember Brown commented on the fact that some portions of Saguaro were acceptable and asked if any thought had been given to just doing maintenance on the extremely bad portions so they could get two years out of it.

Mr. Ward advised that staff had not done that, mainly because they were hopeful that the bond would move forward. He said that what they were seeing when they hit the smooth spots were rubberized mill and overlay that happened about ten years ago but those were much thinner courses than what they would apply now. He added that he believed the areas Councilmember Brown were referring to were down around the golf course where they had more clay deposits and water and the drainage were different in those areas -- it did not run off as fast -- so the deterioration of the asphalt happened quicker. He advised that they could apply some micro-surfacing or slurry seal products to those areas to buy some time but stated that staff hoped they would not get into that situation. He pointed out that once the rain were here it would start working on the street.

Councilmember Brown stated the opinion that the entire Council was hopeful that they could stretch another full year out of it and added that he also agreed with Vice Mayor Hansen that not working on a bond at this point would be rolling the dice. He said that if they had the length of time needed to generate a plan for the Avenue/Saguaro intersection, as well as just a little bit of repair work so they got two years out of that road that was something that he would support.

Councilmember Dickey stated that as Mr. Ward said, people could wait on something when they knew relief was in sight, but noted that relief would not come unless the vote passed. She added that construction costs were really good right now so they were also going to be rolling the dice by waiting (the amount of savings they might decrease).

Councilmember Archambault clarified that they were taking about putting out a \$10 million bond in 2011.

Mayor Schlum said that he appreciated the fact that they were looking at a comprehensive plan and stated that a bond issue was the way to go. He added that they had just talked about the Saguaro Boulevard and Avenue of the Fountain project on Tuesday evening and stressed the importance of doing that right. He stated the opinion that it would be smart to put the issue on the 2011 November ballot rather than this year's November ballot so that they could get everything that needed to be done accomplished. He agreed that this was a difficult time to ask anyone for funds so if they could hold off for another year they needed to do that. He spoke in favor of the plan and asked what type of direction staff needed at this point in time.

Ms. Ghetti said it was hoped that if the Council wanted to put it to the voters, that staff would be able to plan and put it together confident that the Council was supportive of the plan. She noted that this would provide sufficient time to put together an educational program and develop a plan that they could show the public and, most importantly, there would be adequate time for in-depth dialogue with the public.

Mayor Schlum said that he supported a comprehensive plan and he was hearing that the Council favored a \$10 million issue in 2011. He requested further input from anyone who thinks otherwise.

Vice Mayor Hansen stated that everyone had made great points but she continued to have a nagging concern that they were putting all of their eggs in one basket until 2011. She said that if the bond did not pass in 2011 they would have to start all over at square one. She added that this was her concern with waiting and then doing the whole thing with one big package rather than going forward with one small increment. She asked how they knew things were going to be any better next year and said although they certainly hoped they would be it remained a big question mark.

Mayor Schlum asked whether the Vice Mayor was talking about doing Saguaro and some of the Saguaro area related projects and having the \$5 million on the next ballot (November 2010).

Vice Mayor Hansen said she was and they could still continue to work on the comprehensive package. She noted that perhaps it would not be \$5 million this year, perhaps it would be \$6.5 to take into account the extra work that needed to be done on the intersection.

Councilmember Dickey reported that she did support putting this on the ballot last time and she did not think there would be sufficient support from Council but she was okay with moving ahead on Saguaro. She reiterated that cost wise this was a good time and said that waiting did give the matter a better chance to pass but she also had concerns about putting all their eggs in one basket. She said she supported the Vice Mayor's recommendation.

Vice Mayor Hansen asked whether they could have two options to consider and perhaps get some feedback from the public before they voted on it.

Councilmember Leger stated that before the Vice Mayor spoke that was kind of where he was going -- he was going to suggest that they defer this to a Work Study Session. He said that he would like to know, more specifically and in greater detail, what they were buying here, what were they getting for \$5 million, for \$10 million and for \$20 million. He added that if it was the sense of the Council to move forward with the \$5 million this coming November, he would not support that. He said that the timing was just not good given the state of the economy and they knew they had tremendous needs and he did not want to be "nickel and diming" the citizens by going for a \$5 million bond issue every couple of years. He reiterated that this issue must be discussed in much greater depth at a Work Study Session.

Mayor Schlum said that the Council was not going to be deciding anything tonight but staff was looking for some guidance regarding the approach. He added that staff might not be able to provide all the details unless they received some idea from the Council as to whether they wanted the comprehensive plan or the incremental plan. He stated that he believed most of the Council would be comfortable looking at those two different options and asked whether this were something that staff could deliver in a Work Study Session given the timing and to make the July deadline, if that were the decision, to place the issue on the November 2010 ballot.

Ms. Ghetti replied that she did not believe they could put together a plan in time. She said to prepare for a Work Study would take a few months and although they had an idea of what they were going to do over the next ten years they did not have it in concrete. She proposed that if the commitment was there from the Council, that staff take those steps; which did not mean they were committed to an election. She believed they could always undo that and it did not mean that they were committed to \$10 or \$20 million. If they were to move ahead, staff would have to move pretty quickly on Saguaro Boulevard and whatever else. She added that she did not know whether Engineering had the plans ready to get out to the public and she believed it would be rushed and she preferred putting out a good product as opposed to rushing things through. She also pointed out that elections were expensive but said that whatever the Council wanted staff would be happy to do.

Mayor Schlum advised that it sounded as though it would be very difficult to get something on the 2010 ballot and asked whether that was what he was hearing.

Mr. Ward stated that he believed the public outreach and education were much more important than the plans because if they were not going to get the vote, nothing else mattered. He said that they had seen this so many times -- they had to educate the public on what they were getting, let them know they were going to spend the money just on the streets and nothing else. He advised that the plans were 50% complete but if they had to incorporate Avenue of the Fountains and Saguaro into that, it would pull them back in time. He added that he wanted to do that because he felt it was the right thing to do and it followed the Downtown Vision Plan, but it was just too fast.

Mayor Schlum stated he believed that answered their question -- it ruled out 2010.

Ms. Ghetti said that she was hoping for a motion directing staff to bring back the resolution to put this before the voters.

Councilmember Dickey **MOVED** to direct staff to prepare the necessary resolution to call a bond election in November of 2011 and Councilmember Archambault **SECONDED** the motion.

Mayor Schlum commented on the fact that they would have another 15 months before they had to notify the County and asked why staff was looking for the motion now.

Ms. Ghetty replied that it was to be able to do it right and when staff brought the resolution back to the Council for them to decide whether they wanted to go with \$5 million, \$10 million, etc., that option would be there. She added that having the time to put together the program, the plans, and being able to communicate with the public so that they were fully aware of what they would be committing to, was extremely important. Staff also wanted sufficient time to put together a timeline that would spread the various projects out over a long period of time and the citizens would not have to be asked to come back to the ballot box every single time they wanted to do a project.

The motion **CARRIED UNANIMOUSLY** (7-0).

AGENDA ITEM #5 - CONSIDERATION OF A PURCHASE AGREEMENT BETWEEN THE TOWN OF FOUNTAIN HILLS AND ECONOLITE CONTROL PRODUCTS, INC. IN THE AMOUNT OF \$127,532.79.

Street Supervisor Ken Kurth addressed the Council relative to this agenda item and said that since the first signal was installed in Town they had been using the same operating systems. Through the early 80's and into the 90's their controllers were considered to be within the industry's standards and the 90's brought forward the next generation of traffic signal technology, which they were not a part of. He noted that at that time they only had five signals but through the years they had grown to 12 that were still operating with the old system. In mid 2007, their signal provider ceased operations forcing the Town to maintain their own signals and they were fortunate to get Pete Petrada to come out of retirement to take care of their maintenance and train Jim to become a trained certified Traffic Signal Technician. With traffic technicians on staff, it became apparent that the signals were operating with outdated and unsupported software and equipment. The technicians were currently utilizing parts and software from spare equipment that had been accumulated. Fountain Hills was the only remaining agency in the Valley still using this operating system, putting the Town at a twofold disadvantage -- one, sharing information and technical support with the other agencies and two, Jim being only one of a handful of technicians still trained in 170 controllers, limiting the Town's ability to recruit new or additional technicians.

Mr. Kurth stated that they were currently operating the signal on Palisades at Sunridge with the updated Econolite system and two more signals would be updated with the Shea climbing lane project. The Town's technicians were already trained and certified to operate these controllers and the purpose of this Capital Improvement Project was to replace the Town's signal operating system with the industry's standards of today and to better position the Town for the future.

Mr. Kurth added that next fiscal year staff would propose completing the upgrades along with backup system power at each signal. He noted that the project would allow staff to better manage the Town's signals and, by taking advantage of their staff, install and certify the equipment. He indicated his willingness to respond to questions from the Council.

Mayor Schlum thanked Mr. Kurth for his presentation.

In response to a question from the Mayor, Mr. Kurth advised that Saguaro and Shea Boulevards would be included in the next improvement project along with others.

Councilmember Archambault **MOVED** to approve the purchase agreement between the Town of Fountain Hills and Econolite Control Products, Inc. in the amount of \$127,532.79 and Councilmember Leger **SECONDED** the motion.

Vice Mayor Hansen asked whether there were a lot of outages in Town. Mr. Kurth replied approximately one outage a month noting that lightening strikes were the major cause of the outages.

Councilmember Leger noted that staff was having difficulties obtaining replacement parts and said that the software would allow them to sync traffic signals, etc. enhancing the flow of traffic, which was important. He added that \$142,000 had been budgeted for this so the proposed cost were under budget

Additional discussion ensued relative to this project and the fact that development fees could only be used for growth-related projects.

The motion **CARRIED UNANIMOUSLY** (7-0).

AGENDA ITEM #6 –CONSIDERATION OF A CONTRACT BETWEEN THE TOWN OF FOUNTAIN HILLS AND VISUS, INC. FOR DEL CAMBRE SIDEWALK AND DRAINAGE PROJECT IN THE AMOUNT OF \$207,348.40.

Town Engineer Randy Harrel addressed the Council relative to this agenda item and said that the project conformed to the Town wide Street & Sidewalk Plan and to the Council's goal to enhance pedestrian safety. It also satisfied the U.S. Department of Justice requirement that the Town provide ADA passability. This project combined the necessary drainage corrections to the street and a 6-foot wide sidewalk along the east side of Del Cambre from Grande to Alamosa. The sidewalk was designed under a Design Assistance grant from MAG (Maricopa Association of Governments) and all local contractors were contacted and encouraged to submit bids on this. Staff received four bids, one of which was a local contractor, and the low bidder was Visus, Inc. from Mesa, Arizona. Staff had checked the low bidders' references and recommended that the Council approve the proposed contract with Visus, Inc. He noted that the sidewalk would make it safer for pedestrians to access (to and from) Four Peaks School, Four Peaks Park, the Boys & Girls Club and the neighborhoods in the vicinity and would provide continuity in the Town's sidewalk system. The construction would also correct the drainage problem that had existed in Del Cambre since the 70's or 80's. The project bid was about half of the budgeted amount (Engineer's estimate). Mr. Harrel indicated his willingness to respond to questions from the Council.

Mayor Schlum thanked Mr. Harrel for his presentation.

Councilmember Archambault **MOVED** to approve the contract between the Town of Fountain Hills and Visus, Inc. for the Del Cambre sidewalk and drainage project in the amount of \$207,348.40 and Councilmember Brown **SECONDED** the motion.

Councilmember Dickey asked how much the grant was for and Mr. Harrel advised that 94% of the design was paid for with grant funds (approximately \$60,000).

Mayor Schlum commended staff on the bidding process that took place, the timing and their efforts to reach out to bidders to come in as low as possible.

The motion **CARRIED UNANIMOUSLY** (7-0).

AGENDA ITEM #7 – CONSIDERATION OF A REVISED ORGANIZATIONAL CHART WITH JOB DESCRIPTION AND RATIFICATION OF RELATED SEVERANCE AGREEMENTS.

Town Manager Rick Davis addressed the Council relative to this agenda item and said that he would like to turn some time over to Town Attorney Andrew McGuire to explain what they would be addressing this evening.

Mr. McGuire stated that the Town Council's role with respect to personnel, other than the three that were appointed, the Judge, the Town Manager and the Town Attorney, were very limited. The Town Manager was vested with the authority of hiring, firing, promoting, demoting, etc. but the one exception to that rule were that the Town Council were required, prior to any organizational changes, to approve the organizational chart and job descriptions that went along with it. He added that in keeping with the proposed budget reorganization and discussions that had gone on for some period of time,

the Town Manager had prepared a plan that they were going to see this evening. He said that unfortunately, because they were talking about human beings and not just positions on an organizational chart, staff did not think it was functionally a great idea to show people in an organizational chart that reflected that some individual's jobs might be going away. He explained that they worked on the human side of it first and that the Manager had conducted severance discussions with the impacted employees prior to bringing this forward for the Council's final ratification. He noted that the only unusual part of this tonight was that severance packages did not typically come before the Council unless they were like several of the ones in the proposed package -- over the Manager's normal contract signing authority. He stated that the motion that was required this evening was to approve the revised organizational chart, the job description for the one new position that were being proposed and the severance agreements that were above the Manager's signing limitations. He indicated his willingness to respond to questions from the Council.

Mayor Schlum thanked Mr. McGuire for his explanation.

Councilmember Archambault **MOVED** to approve the revised organizational chart and job description and ratification of related severance agreements and Councilmember Brown **SECONDED** the motion.

Town Clerk Bev Bender advised that there were no citizens wishing to speak on this agenda item.

Mr. Davis highlighted a brief presentation on the reorganizational structure (a copy on file in the Clerk's office). He said that they faced a new normal, a new reality for their organization, and as the recession continued to deepen and revenues evaporated, it became very necessary to address the structuring of the organization as a whole and had become more comprehensive in their approach. He noted that over the last two years they had made several hundred dollars' worth of cuts to the budget, in fact millions, and it still seemed to be like a car going down the hill -- they were still approaching a revenue ceiling very quickly and as the revenue curve flattened, they were going to bump their heads. He stated that originally they thought that was going to happen in 2016 but that was before 2007 and as they approached that ceiling they knew that some very significant corrections needed to be made in the size and the functionality of the organization so that they would have a chance to let recovery take its course. He said that what was being proposed was by no means a guarantee that additional cuts would not be needed or that additional corrective measures would not take place -- this were certainly not the "magic pill" but it were certainly a pill that they needed to swallow in order to get through the next few years with the resources available.

Mr. Davis advised that a continued deterioration of revenues, a State budget crisis that were likely to continue and the need to use every available tool to meet the fiscal challenges for the next two years were what had brought them to this point. He noted that their objectives were simply to achieve maximum efficiency without unduly jeopardizing quality of life, adapt to a new reality, prepare for impacts related to the State budget crisis and prepare and deliver the very best budget possible. He added that the strategy consisted of the consolidation of departments as well as positions and the removal of non-productive or duplicitous positions.

Mr. Davis informed the Council that the new Administration Department would continue to oversee the functions of Economic Development, Human Resources, Risk Management, the Town Clerk's functions as well as Finance, Customer Service, Information Technology, and Volunteer Coordinator. He noted that two new departments were being created out of the consolidation of four departments. Out of the consolidation of Public Works and Planning they had created a Community Development Services department and there would be a Director recruited to oversee that department, a professional engineer who would also manage and direct the Town's capital projects. He advised that they continue to provide planning and building services out of this new department as well as functions related to the Town Engineer, Streets and Facilities Maintenance. He added that as a result of a merger of the Community Center and Parks & Recreation they had formed a new Community Services department that would include the consolidation of the services offered by the Community Center as well as Parks & Recreation.

Mr. Davis further stated that where they previously had five departments, staff was now presenting three departments -- Administration, Community Development Services and Community Services. Mr. Davis indicated his willingness to respond to questions from the Council.

Mayor Schlum thanked Mr. Davis for his presentation.

Councilmember Leger referred to the Administration chart and said he believed it were important for people to know that under the box that said Deputy Town Manager that there should also be a slash there that said Finance Director (Deputy Town Manager/Finance Director) because the Town did not have a standalone Deputy Town Manager. He added that there was a job description in the Council packet for the new revised Director of Community Development & Services and asked whether there was room for discussion on the job description or was that something that would happen at a later date.

Mr. McGuire stated that input was welcome at this time.

Councilmember Leger said that in looking through the job description, he would like to recommend that something regarding grants be added to the job description for this newly-created position (pursues grants, oversees grants etc.). He stressed the importance of the person hired for this position bringing those skills to the table. He added that under experience, he did not see the words "municipal government" and he really thought it would be important for the person being hired to have that type of background.

Mayor Schlum asked whether that needed to be in the form of an amendment to the motion and Mr. McGuire said it did. The Mayor asked Councilmember Leger if that was his amendment to the motion currently on the table and Councilmember Leger said that he would wait for more discussion on the main motion.

Mayor Schlum discussed the number of positions affected by the reorganization/consolidation and Mr. Davis confirmed that they were talking about a total of ten positions.

Councilmember Dickey asked whether that meant the Town now had 59 full time employees (FTE's) and Human Resources Director Joan McIntosh replied that they went down a total of 20 FTE's from this current fiscal year to the new fiscal year with the adoption of this -- they went from 81 to 61.

Councilmember Leger **MOVED** to amend the main motion by adding a requirement in the job description for municipal experience and overseeing grant writing and Councilmember Archambault **SECONDED** the amendment.

The amended motion **CARRIED** by majority vote (6-1) with Vice Mayor Hansen voting nay.

Mayor Schlum called for a roll call vote on the amended main motion.

A roll call vote was taken with the following results:

Councilmember Archambault	Aye
Vice Mayor Hansen	Nay
Councilmember Contino	Nay
Councilmember Leger	Aye
Councilmember Brown	Aye
Councilmember Dickey	Aye
Mayor Schlum	Aye

The motion **CARRIED** by majority vote (5-2) with Vice Mayor Hansen and Councilmember Contino voting nay.

AGENDA ITEM #8 – QUARTERLY UPDATE BY THE TOWN MANAGER ON THE PROGRESS OF IMPLEMENTING COUNCIL'S GOALS FOR FY2009-10.

Town Manager Rick Davis addressed the Council relative to this agenda item stated that at a goal setting retreat held on January 9, 2009, the Town Council had identified 13 primary goals for the FY2009-10 budget. He said that as they came to the close of the third quarter of the fiscal year additional feedback had been obtained from staff and responsible departments. He referred to a graph contained in the Council packets (a copy available in the Clerk's office) that depicted the various goals and said he was pleased to report that staff was on track to complete all of the goals by the end of the fourth quarter of this fiscal year.

Mr. Davis indicated his willingness to respond to questions from the Council.

Mayor Schlum thanked Mr. Davis for his comments. There were no additional comments or questions from the Council.

AGENDA ITEM #9 – COUNCIL DISCUSSION/DIRECTION TO THE TOWN MANAGER. ITEMS LISTED BELOW ARE RELATED ONLY TO THE PROPRIETY OF (i) PLACING SUCH ITEMS ON A FUTURE AGENDA FOR ACTION OR (ii) DIRECTING STAFF TO CONDUCT FURTHER RESEARCH AND REPORT BACK TO THE COUNCIL:

A. **NONE.**

AGENDA ITEM #10 – SUMMARY OF COUNCIL REQUESTS AND REPORT ON RECENT ACTIVITIES BY THE TOWN MANAGER.

None.

AGENDA ITEM #11 – ADJOURNMENT.

Councilmember Dickey **MOVED** that the Council adjourn the meeting and Councilmember Brown **SECONDED** the motion, which **CARRIED UNANIMOUSLY** (7-0). The meeting adjourned at 8:06 p.m.

TOWN OF FOUNTAIN HILLS

By _____
Mayor Jay T. Schlum

ATTEST AND
PREPARED BY:

Bevelyn J. Bender, Town Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Session held by the Town Council of Fountain Hills in the Town Hall Council Chambers on the 6th day of May, 2010. I further certify that the meeting was duly called and that a quorum was present.

Dated this 20th day of May 2010.

Bevelyn J. Bender, Town Clerk